

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-07 LAB-04  
NSAE-00 SIL-01 DODE-00 PM-04 H-01 L-03 NSC-05 PA-01  
PRS-01 SP-02 SS-15 USIA-06 TRSE-00 OMB-01 /070 W  
-----181206Z 106945 /12  
R 181048Z MAR 77  
FM AMEMBASSY TEL AVIV  
TO SECSTATE WASHDC 5307

LIMITED OFFICIAL USE SECTION 1 OF 2 TEL AVIV 1939

E.O. 11652: N/A  
TAGS: ELAB,PINT, IS  
SUBJECT: LABOR UNREST CONTINUES DESPITE WAGE INCREASES IN PUBLIC  
SECTOR

SUMMARY: DESPITE WAGE INCREASES GRANTED TO THE PUBLIC  
SECTOR AT THE END OF FEBRUARY AND IN EARLY MARCH, STRIKES  
AND WAGE DEMANDS CONTINUE. NEW DEMANDS HAVE BEEN RAISED  
BY INDUSTRIAL WORKERS WHO RESENT CONCESSIONS TO THE PUBLIC  
SECTOR ALTHOUGH THEIR OWN PAST WAGE INCREASES HAVE SUBSTANTIALLY  
EXCEEDED THOSE RECEIVED BY CIVIL SERVANTS. IN THE PUBLIC  
SECTOR NEW QUESTIONS OF PROMOTION POLICY AND BONUSES  
CONTINUE TO HOLD UP SETTLEMENTS, AND NEW INCREASES GRANTED  
HAVE NOT YET BEEN PAID. THE GOVERNMENT AND THE HISTADRUT  
ARE TRYING TO STEM THE TIDE OF LABOR UNREST WITH KNESSET  
AND HISTADRUT ELECTIONS APPROACHING, BUT FIND THEIR  
AUTHORITY AND PUBLIC CONFIDENCE ERODING. (END SUMMARY)

1. GOVERNMENT AGREEMENTS TO INCREASE SALARIES AND  
ALLOWANCES OF ABOUT 220,000 EMPLOYEES IN PUBLIC SERVICES  
BY AN ESTIMATED 15 PERCENT AT THE END OF FEBRUARY HAVE  
FAILED TO RESTORE LABOR PEACE, PUBLIC SERVICES,  
AND CONFIDENCE IN THE GOVERNMENT AND HISTADRUT. NOT  
ONLY DID CONCESSIONS IN THE PUBLIC SECTOR, PAYABLE  
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RETROACTIVELY TP APRIL 1, 1976, PROVOKE SIMILAR DE-  
MANDS BY WORKERS IN THE INDUSTRIAL SECTOR, BUT SEVERAL  
KEY GROUPS IN THE PUBLIC SERVICES CONTINUE TO STRIKE,  
ENGAGE IN SANCTIONS, OR THREATEN TO STRIKE BECAUSE  
THEIR SPECIAL DEMANDS HAVE NOT BEEN MET.

2. CURRENTLY ON STRIKE ARE THE EMPLOYEES OF THE

GOVERNMENT ACCOUNTING OFFICE THEREBY DELAYING THE PREPARATION OF PAYROLLS, THE IMPLEMENTATION OF THE PROMISED NEW WAGE INCREASES AND PAYMENTS OF GOVERNMENT BILLS; THE CUSTOMS INSPECTORS IN THE PORTS WHOSE SANCTIONS ARE DELAYING OR BLOCKING DELIVERY OF GOODS AND RAW MATERIALS THUS AFFECTING EMPLOYMENT, PRODUCTION, AND SUPPLY TO SHOPS; LONG DISTANCE TELEPHONE OPERATORS; GASOLINE AND OIL TRUCK DRIVERS WHO HAVE FORCED THE MAJORITY OF URBAN GAS STATIONS TO CLOSE TEMPORARILY; UNIVERSITY INSTRUCTORS; AND BANK LEUMI EMPLOYEES. IN ADDITION, JUDGES HAVE DEMANDED A 70 PERCENT SALARY INCREASE; PORT WORKERS HAVE GIVEN STRIKE NOTICES DEMANDING IL 600 MONTHLY WAGE INCREASES; TELEPHONE EMPLOYEES ARE APPLYING SANCTIONS DEMANDING A UNIFORM ALLOWANCE EQUAL TO THAT GRANTED TO POSTAL EMPLOYEES; AND FLIGHT CONTROLLERS ARE DELAYING ARRIVALS AND DEPARTURES. IN THE MEANTIME OTHER GROUPS ARE GROWING IMPATIENT BECAUSE OF DELAYED IMPLEMENTATION OF WAGE INCREASES.

3. HISTADRUT AND GOVERNMENT OFFICIALS, HAVING LONG PRACTICES THE FINE ART OF SETTling LABOR DISPUTES WITH PROMISES, DELAYED DECISIONS, AND FINALLY CONCESSIONS, FIND THAT PROCRASTINATION NO LONGER WORKS. WORKERS INSIST ON ACTION NOW, BEFORE THE ELECTIONS AND BEFORE A NEW GOVERNMENT IS FORMED. PUBLIC CONCERN IS MOUNTING ABOUT HOW THE COUNTRY CAN MUDDLE THROUGH FOR THE NEXT THREE TO FOUR MONTHS UNTIL A NEW GOVERNMENT IS FORMED. BUT THE GOVERNMENT APPEARS PRE-LIMITED OFFICIAL USE

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OCCUPIED WITH THE AFTERMATH OF RABIN'S TRIP TO WASHINGTON AND, LACKING A KNESSET MAJORITY, HAS NEITHER A POLICY NOR AUTHORITY FOR DEALING WITH LABOR.

4. THE HISTADRUT HAS PROMISED THE INDUSTRIAL WORKERS SOME ADDITIONAL COMPENSATION AND IS PLEADING FOR EMPLOYER COOPERATION IN KEEPING THAT PROMISE. GOVERNMENT AND EMPLOYERS INSIST ON MAINTAINING THE CURRENT LABOR CONTRACT FOR THE PRIVATE SECTOR, ARGUING THAT REAL WAGES IN THE INDUSTRIAL SECTOR HAD RISEN MUCH FASTER THAN IN THE PUBLIC SECTOR, THAT NEW CONCESSIONS TO THE PUBLIC SERVICE WOULD NOT CLOSE THE GAP, AND THAT THE DEMANDS OF INDUSTRIAL WORKERS ARE THUS UNJUSTIFIED.

5. THE HISTADRUT HAS ALREADY COMMITTED ITSELF TO PAYING INCREASES TO EMPLOYEES OF ITS OWN INDUSTRIAL AND SERVICE ENTERPRISES (ABOUT 30 PERCENT OF THE PRIVATE SECTOR). WHILE SOME CONCESSIONS BY EMPLOYERS ARE EXPECTED, THERE IS NO ASSURANCE THAT THE WORKERS WILL

ACCEPT THEM AS ADEQUATE. EARLIER EFFORTS TO INSTITUTE A PRICE-WAGE-TAX FREEZE AND TO DEAL WITH WAGE DEMANDS IN THE PUBLIC SERVICE THROUGH ARBITRATION HAVE FALLEN BY THE WAYSIDE. THE GOVERNMENT'S WAGE POLICY, AND WITH IT THE UNDERPINNING FOR ITS BUDGETARY PROPOSAL, APPEARS TO BE IN A SHAMBLES, AS ARE THE CURRENT COLLECTIVE AGREEMENTS. HISTADRUT AND GOVERNMENT OFFICIALS ARE OPERATING A "FIRE BRIGADE" EMERGENCY SYSTEM, REQUIRING THE INVOLVEMENT OF HISTADRUT SECRETARY GENERAL MESHEL AND TOP GOVERNMENT OFFICIALS IN EVERY NEW STRIKE SITUATION. EVEN GOVERNMENT BACK-TO-WORK ORDERS ARE ONLY SELECTIVELY OBEYED.

6. THE GASOLINE SHORTAGE BECAME THE PRINCIPAL PUBLIC IRRITATION, BUT THE STRIKE IS EXPECTED TO END BEFORE THE WEEKEND. DELAYED SALARY PAYMENTS AND PAYMENTS OF GOVERNMENT OBLIGATIONS COULD BECOME A MORE SERIOUS PROBLEM. THE LIMITED OFFICIAL USE

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GOVERNMENT HAS GRANTED EMPLOYEES LUMP SUM CREDITS IN THEIR BANK ACCOUNTS, BUT THOSE WITH ACCOUNTS IN BANK LEUMI, THE BIGGEST ISRAELI BANK, ARE STUCK.

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ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-07 LAB-04  
NSAE-00 SIL-01 DODE-00 PM-04 H-01 L-03 NSC-05 PA-01  
PRS-01 SP-02 SS-15 USIA-06 OMB-01 TRSE-00 /070 W  
-----181205Z 106929 /12

R 181048Z MAR 77  
FM AMEMBASSY TEL AVIV  
TO SECSTATE WASHDC 5308

LIMITED OFFICIAL USE SECTION 2 OF 2 TEL AVIV 1939

THE ECONOMIC IMPACT ON INDUSTRY AND THE PASSOVER  
RETAIL TRADE COULD ALSO BECOME A SERIOUS PUBLIC

CONCERN UNLESS EARLY SOLUTIONS ARE FOUND. THE IMPACT ON VOTERS IN THE KNESSET AND HISTADRUT ELECTIONS REMAINS TO BE SEEN, BUT THE LOSS OF THE ALIGNMENT'S MAJORITY IN THE HISTADRUT IS NOW TAKEN FOR GRANTED. BOTH THE LIKUD AND DMC ARE EXPECTED TO MAKE SUBSTANTIAL GAINS, AFFECTING THE COMPOSITION OF THE EXECUTIVE BUREAU AND CONTROL OF THE HISTADRUT'S ECONOMIC SECTOR, WHERE THE ALIGNMENT IS BOUND TO HAVE TO YIELD ITS MONOPOLY. THERE WILL ALSO BE SOME PERSONALITY CHANGES IN HISTADRUT LEADERSHIP, ALTHOUGH MESHEL IS EXPECTED TO RETAIN THE TOP POSITION. PROSPECTS ARE THAT THE NEW KNESSET WILL BE LESS SOLICITOUS IN PROTECTING HISTADRUT STATUS AND TRADITIONAL ROLES. THE NARROW DIVISION WITHIN THE LABOR PARTY CENTRAL COMMITTEE IS NOW EXPECTED TO DEPRIVE MESHEL OF A SAFE KNESSET SEAT WHICH HE HAD BEEN PROMISED EARLIER. THUS BOTH THE POLITICAL AND THE ECONOMIC EFFECT OF THE CURRENT LABOR UNREST MAY HAVE FAR REACHING EFFECTS ON FUTURE ECONOMIC POLICY AND THE ROLE OF THE HISTADRUT.

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## Message Attributes

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**Disposition Date:** 22 May 2009  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**TAGS:** ELAB, PINT, IS  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009